

## Message Text

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FM AMEMBASSY TRIPOLI

TO SECSTATE WASHDC PRIORITY 0432

INFO AMEMBASSY LONDON

C O N F I D E N T I A L TRIPOLI 1071

LIMDIS

E.O. 11652: GDS

TAGS: ENRG, LY

SUBJECT: OIL MAJORS' STRATEGY RE LIBYA: EFFECT ON EXPATRIATES

REF: STATE 163502

1. TO ANSWER QUESTION POSED REFTEL, IF MAJORS ARE NATIONALIZED THE DECREE EFFECTING THIS WILL UNDOUBTEDLY INCLUDE PROVISION LIKE THAT IN ARTICLE 12 OF OXY NATIONALIZATION DECREE STATING THAT NO EMPLOYEES OF THE COMPANIES Affected "MAY LEAVE HIS WORK OR REFRAIN THEREFROM UNLESS RELEASED BY A DECISION". OF THE NEW MANAGEMENT.

2. U.K. EMBASSY CONFIRMS OUR IMPRESSION THAT PRESENCE OF SIMILAR PROVISION IN LAW NATIONALIZING BP IN DECEMBER 1971 DID NOT IN FACT WORK ANY GREAT HARDSHIP ON BP'S EXPATRIATE EMPLOYEES. AFTER A WEEK OR TWO OF "ADMINISTRATIVE CONFUSION" ALL EXPATRIATES WHO WANTED TO LEAVE WERE ALLOWED TO DO SO. THEY WERE MORE OR LESS REPLACED BY LIBYANS COMPULSORILY DRAWN FROM OTHER COMPANIES PRODUCING IN LIBYA, AND LATER BY EXPATRIATES BROUGHT IN FROM ABROAD ON CONTRACT.

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3. PRESENT SITUATION DIFFERENT IN THAT THE SECTOR OF

INDUSTRY THAT MAY BE NATIONALIZED IS ABOUT SAME SIZE, AND OF MORE COMPLEXITY, THAN THE SECTOR NOT AFFECTED. THEREFORE ROBBING PETER TO REPLACE PAUL WOULD NOT BE SO SATISFACTORY; IN FACT IT WOULD CREATE SO MUCH HAVOC THAT THIS IS ONE OF MAJORS LAST REMAINING CARDS. LARG'S SOLUTION THEREFORE MIGHT BE TO TAKE THE MAJORS IN CHUNCKS, PROBABLY IN THIS ORDER OF DIGESTIBILITY: SHELL, AMOSEAS, MOBIL, AND ESSO. THIS WAY THE HAVOC WOULD BE MORE MANAGEABLE AND LARG MIGHT ALSO HOPE THAT ONE OR TWO FORCED NATIONALIZATIONS WOULD BREAK THE REMAINING MAJORS RESISTANCE TO VOLUNTARY ACCEPTANCE OF MAJORITY CONTROL BY THE LARG.

4. DEPENDING THEREFORE ON HOW MANY EXPATRIATES MAY BE AFFECTED BY NATIONALIZATION DECREES, WE WOULD EXPECT SOME DIFFICULTIES IN EXPATRIATE EMPLOYEES LEAVING, BUT NOT OF INDEFINITE DURATION. PROBABLY MOST COULD LEAVE ALMOST AS SOON AS THEY WOULD BE ABLE TO DO SO, BUT A FEW KEY PERSONNEL MIGHT BE HELD ADMINISTRATIVELY UNTIL ACCOUNTING REVIEWS AND TAX PROBLEMS RESOLVED -- THIS IS LIKELY TO BE THE MAIN PROBLEM.

5. ABOVE REMARKS DO NOT APPLY TO DEPENDENTS OF EXPATRIATE EMPLOYEES. BELIEVE ALL WOULD BE ALLOWED TO DEPART WITHOUT HINDRANCE.

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